

Annual Report

1962



JAN 7 1963

MALARTIC HYGRADE GOLD MINES LTD.



Officers of Malartic Hygrade Gold Mines Ltd.

President

Gerard Paquette

Vice-President

Niels Ae Anderson

Treasurer

William Donald Burton Freer

Secretary

Judith Patricia Caplan

Chairman of the Board

Harold Paul Henderson



President's Report

TO THE SHAREHOLDERS

The discoveries on your property in Malartic Township have given your Company the distinction of being the pioneers of the revolution in Malartic geologic thinking, which has led to the current great revival of interest and activity in that area. I believe you will be interested to know that specimens from your mine were presented to the Royal Ontario Museum and they now form one of the brightest exhibits in the new Geology Galleries opened on November 29th.

Underground development on the property was commenced approximately a year ago; since that time, considerable work has been done on the 1, 2 and 3 zones, all of which are high-grade in character.

On March 1st of this year the Company commenced small test shipments of run of the mine ores to the nearby Malartic Gold Fields mill; these test shipments for the period ended September 30th, 1962, have resulted in Mint receipts of \$377,000.

A great deal of effort has been expended during the course of this year in planning and seeking equipment for a crushing and milling plant, and preparations for this endeavour should be completed in the weeks ahead. It is the Company's intention to commence construction of the plant in the Spring.

Our exploration and development programme, during the next six months, will include the deepening of our production shaft to allow underground development on two additional levels. In recent months a very important discovery has been made adjacent to our southern boundary by another company and, as the geological conditions existing around this discovery are extremely favourable to our holdings, it is our intention to effect a programme of surface diamond drilling on the basis of this new information.

Your Directors wish to express their sincere appreciation to the operating management and staff at the mine, who have made the Company's record-breaking achievements possible.

On behalf of the Board of Directors

A large, stylized cursive signature in orange ink that reads "Gerard Paquette".

GERARD PAQUETTE
(President.)

**MALARTIC HYGRADE**

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

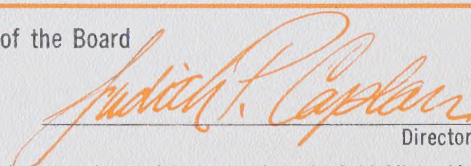
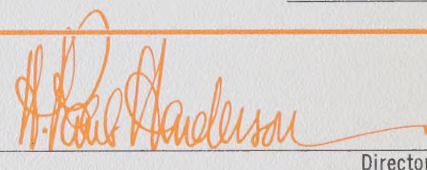
As At September 30, 1962

Assets	Current		
	Cash	\$ 18,545.10	
	Accounts receivable	38,845.38	
	Bullion at net realizable value	203,735.52	\$ 261,126.00
	Fixed—at cost		
	Mining properties	\$1,750,000.00	
	Buildings, machinery and equipment	887,211.10	
	Motor vehicle	3,461.83	2,640,672.93
	Other assets and deferred charges		
	Development and administrative expenditures as per statement	\$ 81,389.83	
	Hydro deposit	2,500.00	
	Incorporation and organization expenses	3,285.00	87,174.83
	TOTAL ASSETS		\$2,988,973.76

Liabilities	Current		
	Accounts payable and accrued liabilities	\$ 59,457.76	
	Notes payable—Tri-Cor Mining Company Limited	21,000.00	
	Mortgage payable—Royal Canadian Ventures Limited	10,000.00	
	TOTAL LIABILITIES		\$ 90,457.76

Capital Stock	Authorized:		
	5,000,000 Shares, par value \$1.00 each	\$5,000,000.00	
	Issued during period for:		
	Assets acquired 2,898,261 shares	\$2,898,261.00	
	Cash 255	255.00	
	\$2,898,516		2,898,516.00
			\$2,898,973.76

Approved on behalf of the Board


Director
Director

We have examined the balance sheet of Malartic Hygrade Gold Mines Limited as at September 30, 1962. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

Auditors' Report

In our opinion, the above balance sheet presents fairly the financial position of the company as at September 30, 1962, and the results of its operations for the period from inception of the company, July 21, 1961, to September 30, 1962.

PAPE, STROM, SHERMAN & CO.

Toronto, Canada, November 21, 1962

Chartered Accountants

HYGRADE GOLD MINES LTD.

(Ontario)

NOTES TO BALANCE SHEET AS AT SEPTEMBER 30, 1962

The accompanying notes form an integral part of this balance sheet and should be read in conjunction therewith.

- (1) The company issued at par, as fully paid and non-assessable, 2,898,261 shares having a par value of \$1.00 each, to Lavandin Mining Company (no personal liability), from which the following net assets were acquired and the following liabilities were assumed:

Assets acquired		
Cash	\$ 16,897.09	
Mining properties	1,750,000.00	
Buildings, machinery and equipment	857,688.23	
Deferred mine development costs	250,000.00	
Due from Province of Quebec re share of cost of roadways	22,560.62	
Deposits	3,400.00	
Incorporation and organization expenses	1,335.00	\$2,901,880.94
Liabilities assumed		
Accounts payable		3,619.94
Net assets acquired		<u>\$2,898,261.00</u>

- (2) The company has granted to seven (7) individuals, who are directors, employees or consultants of the company, by agreement dated September 8, 1961, as amended by letter of June 15, 1962, options to acquire 154,000 shares of the capital stock of the company at the following prices and on or after the dates set out herein:

No. of Shares	Dates exercisable		Price
22,000	April 1,	1962	\$1.00
22,000	July 1,	1962	2.00
22,000	October 1,	1962	3.00
22,000	January 1,	1963	4.00
22,000	July 1,	1963	5.00
22,000	January 1,	1964	6.00
22,000	July 1,	1964	7.00
<u>154,000</u>			

All of these options expire on December 31, 1965.

- (3) Notes payable to Tri-Cor Mining Company Limited, as shown, bear interest at the rate of six (6) per cent per annum, and are payable upon demand.
- (4) Mortgage payable to Royal Canadian Ventures Limited, as shown, bears interest at the rate of three (3) per cent per month, and is payable upon demand. This mortgage is secured by a first charge against all the assets of Malartic Hygrade Gold Mines Limited.
- (5) Bullion at net realizable value, as shown, includes gold bullion at the mill, in the amount of \$22,379.36; and ore in stockpile at the mine site, valued at \$181,356.16, according to average assays of each mine carload of ore, and reduced by estimated trucking and milling costs and a reasonable allowance for shrinkage.

MALARTIC HYGRADE GOLD MINES LTD.

(Incorporated under the laws of the Province of Ontario)



DEVELOPMENT AND ADMINISTRATIVE EXPENSES As At September 30, 1962

	October 3, 1961 to March 31, 1962	April 1, 1962 to September 30, 1962	Total
DEVELOPMENT EXPENDITURES			
Mine development	\$291,447.43	\$ 58,481.74	\$349,929.17
Wages	62,439.56	78,531.13	140,970.69
Milling costs	3,923.60	27,291.27	31,214.87
Heat and power	8,420.89	4,928.81	13,349.70
Transportation and trucking	4,765.49	7,567.83	12,333.32
Workmen's compensation	5,226.00	5,836.50	11,062.50
Engineers' fees	2,306.46	8,681.50	10,987.96
Assays	3,972.25	2,511.04	6,483.29
	<u>\$382,501.68</u>	<u>\$193,829.82</u>	<u>\$576,331.50</u>
ADMINISTRATIVE EXPENDITURES			
Advertising and public relations	\$ 3,852.16	\$ 12,404.98	\$ 16,257.14
Interest on loans and mortgages	2,889.76	4,590.52	7,480.28
Executive travelling expenses	1,603.08	5,757.61	7,360.69
Consulting fees	—	5,000.00	5,000.00
Transfer agent's fees and expenses	4,483.45	245.57	4,729.02
Telephone and telegraph	544.76	3,968.95	4,513.71
Taxes and licenses	2,441.60	1,780.00	4,221.60
Accounting and audit fees	2,710.80	1,355.00	4,065.80
Shareholders' information and publicity	1,263.62	1,772.15	3,035.77
Legal fees	—	2,276.48	2,276.48
Insurance	998.19	511.72	1,509.91
Postage, printing and stationery	808.08	506.64	1,314.72
Office rent and services	900.00	300.00	1,200.00
Miscellaneous	381.32	410.98	792.30
	<u>\$ 22,876.82</u>	<u>\$ 40,880.60</u>	<u>\$ 63,757.42</u>
TOTAL DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES	<u>\$405,378.50</u>	<u>\$234,710.42</u>	<u>\$640,088.92</u>
Less—Interest earned	\$ 84.18	\$ 50.00	\$ 134.18
Bullion recovery	96,780.10	461,784.81	558,564.91
	<u>\$ 96,864.28</u>	<u>\$461,834.81</u>	<u>\$558,699.09</u>
NET DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES	<u>\$308,514.22</u>	<u>(\$227,124.39)</u>	<u>\$ 81,389.83</u>



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Revolution!
in Malartic geologic thinking

pioneers:
MALARTIC HYGRADE GOLD MINES LTD.



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